

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY MOSCOW

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E.O. 11652: N/A

TAGS: EFIN, UR, US

SUBJECT: FOREIGN TAXATION OF USG EXPENDITURES ABROAD

REF: 2 FAM 265; MOSCOW 6908

1. SINCE 1970 THE STATE/DEFENSE INTERDEPARTMENTAL COMMITTEE ON FOREIGN TAX RELIEF HAS BEEN CONCERNED WITH EFFORTS TO REDUCE TO A MINIMUM THE FOREIGN TAXATION OF ALL UNITED STATES GOVERNMENT EXPENDITURES MADE ABROAD. THE OFFICE OF THE LEGAL ADVISER IN THE DEPARTMENT OF STATE HAS BEEN DESIGNATED AS THE CENTRAL OFFICE RESPONSIBLE FOR WORLD WIDE FOREIGN TAX RELIEF MATTERS WITHIN THE DEPT. PRIORITY ATTENTION AND EFFORTS WERE GIVEN AT INCEPTION OF COMMITTEE TO EXPENDITURES MADE ABROAD FOR THE COMMON DEFENSE (SEE 2 FAM 265 OF NOVEMBER 4, 1970). NOW THERE IS A GROWING CONCERN WITH TAXATION ON U.S. DIPLOMATIC AND CONSULAR EXPENDITURES. THE LEGAL ADVISER HAS ASSIGNED RESPONSIBILITY FOR MONITORING THESE VARIOUS FORMS OF TAXATION IMPOSED BY FOREIGN GOVERNMENTAL AUTHORITIES TO THE ASSISTANT LEGAL ADVISER FOR SPECIAL FUNCTIONAL PROBLEMS WHO IN HIS CAPACITY

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AS CHAIRMAN OF THE INTER-AGENCY COMMITTEE HAS VISITED ALL

NINE OF THE EC COUNTRIES AND SEVERAL OF THE ASSOCIATE COUNTRIES TO DISCUSS EXEMPTION POLICIES.

2. IN VIEW OF LONGSTANDING INTEREST OF INTER-AGENCY COMMITTEE IN STUDYING FOREIGN TAX OF USG EXPENDITURES ABROAD AND RECENT DISCUSSIONS WITH SOVIET EMBASSY REPRESENTATIVES IN WASHINGTON ON THIS MATTER, COMMITTEE WOULD LIKE TO VISIT MOSCOW TO DISCUSS A BROAD RANGE OF TAX ISSUES WITH EMBASSY PERSONNEL AND IF EMBASSY DESIRES, WITH HOST GOVERNMENT OFFICIALS. SUBJECT TO EMBASSY CONCURRENCE COMMITTEE COMPOSED OF CHAIRMAN L.G. FIELDS, JR., (ASSISTANT LEGAL ADVISER), AND JOHN A. BOYD (ATTORNEY-ADVISED L/T) CAN BE IN MOSCOW ON OR ABOUT JUNE 28 AND CONTEMPLATE TWO TO THREE DAYS OF CONSULTATIONS (JUNE 30 THROUGH JULY 2). ALTERNATE TIMING FOR VISIT COULD BE ARRANGED BUT USE OF '75 TRAVEL FUNDS WILL REQUIRE TRAVEL COMMENCE NLT 30 JUNE. DEPT AWARE THAT EMBASSY SCHEDULE MAY CONFLICT WITH PROPOSED VISIT, BUT COMMITTEE TRAVEL TO MOSCOW AT THIS TIME WILL BE MADE IN CONJUNCTION WITH VISITS TO OTHER POSTS, AND SOME LEEWAY IS POSSIBLE.

3. IT WOULD BE HELPFUL IF EMBASSY COULD ASSEMBLE TRANSLATED COPIES OF USSR TAX LAWS AND OTHER REGULATIONS WHICH IN EMBASSY'S VIEW IMPACTS ON USG EXPENDITURES.

4. MR. BOYD WOULD ALSO BE PREPARED TO DISCUSS STATUS OF PROPOSED US-USSR INCOME TAX CONVENTION. KISSINGER

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